

# *Half Yearly Accounts*

*for the Period ended  
**December  
31, 2022***

**NAZIR**  
COTTON MILLS LTD.

# NAZIR COTTON MILLS LTD.

## COMPANY'S INFORMATION

<b>Board of Director</b>	Mian Shahzad Aslam Mian Farrukh Naseem Mian Aamir Naseem Mr. Maqbool Hussain Bhutta Mr. Asim Mehmood Bhatti Mr. Muhammad Abbas Mr. Muhammad Irfan	Chief Executive Officer
<b>Audit Committee:</b>	Mr. Muhammad Irfan Mr. Muhammad Abbas Mr. Asim Mehmood Bhatti	Chairman Member Member
<b>HR &amp; R Committee:</b>	Mr. Asim Mehmood Bhatti Mr. Muhammad Irfan Mr. Muhammad Abbas	Chairman Member Member
<b>Chief Financial Officer:</b>	Mr. Maqbool Hussain Bhutta	
<b>Company Secretary:</b>	Mr. Ahsan Raza	
<b>Auditors:</b>	Kamran & Co Chartered Accountants Apartment No. A/2 Ingola Apartment 24 Jail Road Lahore	
<b>Bankers:</b>	National Bank Of Pakistan Habib Bank Limited Muslim Commercial Bank Ltd.	
<b>Share Registrar</b>	Corplink (Pvt) Ltd. 1-K Commercial Modal Town, Lahore. Tel: 042-3561714, 35839182, 35916719	
<b>Registered Office:</b>	61-K, Gulberg III, Lahore. Ph: 042-35763736 Fax: 042-35763768	
<b>Mill:</b>	8-Km, Faisalabad Road, Aslamabad, Khaareyanwala, Sheikhupura. Ph: 056-3544053	

# NAZIR COTTON MILLS LTD.

## DIRECTORS REPORT TO THE SHAREHOLDER

The results for the half year under review show a loss after tax amounting to Rs. 15.371 Million after accounting for administrative expenses of Rs. 13.750 Million including depreciation of Rs. 6.885 million and other operating expenses were Rs. Nil and financial cost was Rs. 0.004 million

During the period ended December 31, 2022, the operation of the mills remained Closed, however the operation of Dairy was operative. Although the management has change the main line of business from Textile to Dairy and Real Estate.

But the Management is still trying to obtain electricity connection to restart the Main Line of Business i.e. the Spinning. In this regard, the Management of the Company is hopeful that the operation of the Mill will be restarted in near future.

For and on behalf of the Board of Directors  
Chief Executive Officer

Lahore  
February 28, 2023

# NAZIR COTTON MILLS LTD.

## TO THE MEMBERS OF NAZIR COTTON MILLS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

**KAMRAN & CO.**  
CHARTERED ACCOUNTANTS

A member firm of  
INPACT Asia Pacific  
an international network  
of independent  
professional accountants



### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAZIR COTTON MILLS LIMITED REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

#### INTRODUCTION

We have reviewed the accompanying condensed interim statement of financial position of "NAZIR COTTON MILLS LIMITED" as at 31 December 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity together with notes forming part thereof (herein-after referred to as the interim financial statements) for the half year period ended. Management is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figure for the condensed interim statement of profit or loss / statement of comprehensive income for the quarter ended 31 December 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2022.

#### SCOPE OF REVIEW

We conducted our review in accordance with international standard on review engagement 2410, "Review of Interim financial information by the independent auditor of the entity". A review of interim financial statements consists of making inquiries, primarily of the persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standard on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### BASIS FOR ADVERSE CONCLUSION

a) The Company has ceased its textile manufacturing operations. The Company without any adjustments for points below incurred loss during the year amounting to Rs 15.371 million resulting in accumulated losses of Rs. 402.903 million (June 30, 2022: Rs. 391.716 million) at the close of the period ended 31 Dec 2022. The Company's current liabilities exceed its current assets by Rs.180.190 million (June 30, 2022: Rs. 172.020 million). Moreover, short term borrowings from financial institutions remained unpaid along with accrued markup which is in litigation. The Company has been unable to arrange fresh financing for working capital and other purposes. The management of the Company did not provide us its assessment for going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the Company. Moreover, the management has been unable to satisfy us with respect to:

- the willingness of the litigant financial institutions to restructure the terms and conditions and repayments of their existing loans. These conditions indicate the existence of material uncertainty which cast a significant doubt about the Company's ability to continue as a going concern and therefore it may

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*Kamran*

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# NAZIR COTTON MILLS LTD.

## TO THE MEMBERS OF NAZIR COTTON MILLS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

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**KAMRAN & CO.**  
CHARTERED ACCOUNTANTS



be unable to realize its assets and discharge its liabilities in normal course of business. However, the financial statements, are prepared on going concern basis. Had the financial statements been prepared on a non-going concern basis of accounting, we believe that it would have had a significant negative effect on the Company's financial position and financial performance

- letter of support as well as financial ability of sponsors and related parties for further cash injection
- hiring of specialized staff for recommending of operations
- progress on negotiations with new financial institutions for working capital and BMR activities

Based on the audit evidence obtained, we believe that the Company will not be able to meet its obligations in the ordinary course of business. Accordingly, we do not agree with management's preparation and presentation of the financial statements on a going concern basis. However, the financial statements, are prepared on going concern basis. Had the financial statements been prepared on a non-going concern basis of accounting, we believe that it would have had a significant negative effect on the Company's financial position and financial performance.

b) The Company has not provided for mark-up on loans from financial institutions owing to the dispute with financial institutions since the litigation, and no provision for cost of funds had been accounted for in the financial statements. In the absence of detailed working and the opinion of legal counsel (sought directly) of the Company in this regard we were unable to determine the amount of provision required on account of accrued mark-up.

c) The Company revalued its certain fixed assets on June 30, 2021, however Company incorporated the revaluation adjustment in last year. Moreover, the Company has not properly accounted for the revaluation surplus in prior years based on previous revaluation report as well and accordingly fixed assets, revaluation surplus, depreciation expense and deferred tax has not been properly accounted for in the financial statements during the year as well in prior years. We are unable to quantify the impact of the same due to limited information available.

d) The company made an investment in Sajjad Textile Mills Limited which has negative equity of Rs 388.749 million as at June 30, 2022. The Company has still shown this investment in long term investments in current as well in prior years. In our opinion this amount should have been impaired in prior years as equity is negative. No impairment has been recognized in the financial statement against such investment in current year as well. Had the impairment been recognized in the financial statement, the company equity would have been reduced by Rs. 3.833 million with similar decrease in long term investments.

e) The Company's filed its annual income tax return for the year 2021 without charging minimum tax as provided for in the financial statements and hence does not reconcile. Moreover, in our opinion the tax depreciation schedule as per income tax return does not match.

f) We have not received confirmation from legal advisor of the Company, and hence unable to comment on the contingencies and various cases against the company. Moreover, Company has booked arrears paid to WAPDA amounting to Rs 12.418 million as per the decision of Lahore High Court and booked the same as advance. We are of the opinion, that in the absence of any stay order from competent authority, the amount may be disclosed in the financial statements but should not be recognized. However, we have not received any confirmation from the legal advisor of the Company.

*Handwritten signature*

# NAZIR COTTON MILLS LTD.

## TO THE MEMBERS OF NAZIR COTTON MILLS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

**KAMRAN & CO.**  
CHARTERED ACCOUNTANTS



- g) The Company is not in compliance with certain requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and rules of Pakistan Stock Exchange and we have issued an adverse review report on the statement of compliance. We are unable to determine any financial implication of the same.
- h) The Company gave advance in respect of dairy equipment and other related expenses for construction of dairy farm, however we have not received any direct confirmation from the party. This amount is appearing since 2020 without any movement, and in our opinion should be written off. Had the impairment been recognized in the financial statement, the company equity would have been reduced by Rs. 3.019 million with similar decrease in capital work in progress.
- i) The company's operations have remained closed for the past many years. Similarly, plant and machinery remained idle during these years. Resultantly, it is expected that there will be an allowance for obsolescence as there has been no movement in the quantities of stores, spares and loose tools.
- j) The Company has presented sale of calves in sales, with associated cost in cost of sales instead of classifying the net amount as other loss.
- k) The Company has not provided for employee retirement benefits and other labour laws requirement, and we are unable to quantify any financial impact of the same.
- l) We have not been provided with adequate information regarding nature of capital & revenue reserve appearing in the financial statements.
- m) The Company has sponsor loan of Rs 122.175 million payable on demand and recognized as current liability, however the Company does not have sufficient current assets to repay such liability on demand.

### ADVERSE CONCLUSION

Our review indicates that, because of the significance of the effects of the matters as described in paragraph (a) to (m) of the "Basis for Adverse Conclusion" section of our report, this interim financial information does not give the true and fair view of the financial position of the Company as at December 31, 2022 and of its financial performance and its cash flows for the six-month period then ended in accordance with the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Kamil Fatah (FCA).

*Kamil Fatah*  
KAMRAN & CO.  
CHARTERED ACCOUNTANTS



ISLAMABAD  
01<sup>st</sup> MARCH 2023  
UDIN # RR202210107NblRrMoge

# NAZIR COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	Un-Audited 31/Dec/2022 Rupees	Audited 30/Jun/2022 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	5	230,000,000	230,000,000
<b>Capital reserve</b>			
Surplus on revaluation of property, plant and equipment		310,867,192	315,050,789
-(Deficit) / surplus on remeasurement of available for sale investments		(479,125)	(479,125)
-Capital reserve		434,000	434,000
<b>Revenue reserve</b>			
Accumulated loss		(402,903,815)	(391,716,397)
Revenue reserve - general		45,829,500	45,829,500
		<u>183,747,752</u>	<u>199,118,767</u>
<b>Non-current liabilities</b>			
Deferred liabilities		12,970,316	13,351,661
<b>Current liabilities</b>			
Trade and other payables		960,014	960,014
Income tax liability		127,522	127,522
Short term borrowings	6	206,896,985	206,896,985
		207,984,521	207,984,521
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
		<u>404,702,589</u>	<u>420,454,949</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	368,862,834	375,748,312
Capital work in progress		3,019,890	3,019,890
Biological assets		1,186,900	1,884,000
Long term investment		3,838,000	3,838,000
		376,907,624	384,490,202
<b>Current assets</b>			
Stores, spare parts and loose tools		-	1,534,873
Trade debts		-	1,066,924
Deposits, prepayments and other receivables		12,729,405	12,604,817
Cash and bank balances		15,065,560	20,758,133
		27,794,965	35,964,747
		<u>404,702,589</u>	<u>420,454,949</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

Chief Executive

Chief Financial Officer

Director

# NAZIR COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022

Note	Half year ended		Quarter ended	
	31/Dec/2022	31/Dec/2021	31/Dec/2022	31/Dec/2021
	Rupees		Rupees	
Sales - net	2,805,495	1,563,535	614,005	689,811
Cost of sales	5,304,342	2,876,400	2,828,897	1,328,358
Gross loss	(2,498,847)	(1,312,865)	(2,214,892)	(638,547)
Other Income	497,256	295,784	245,217	174,039
Administrative and general expenses	(13,750,363)	(9,883,204)	(8,635,524)	(5,032,198)
Finance cost	(406)	-	(406)	-
Loss before taxation	(15,752,360)	(10,900,285)	(10,605,605)	(5,496,706)
Taxation	(381,345)	(1,407,383)	(381,345)	(8,623)
Loss after taxation	(15,371,015)	(9,492,902)	(10,224,260)	(5,505,329)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	<b>(15,371,015)</b>	<b>(9,492,902)</b>	<b>(10,224,260)</b>	<b>(5,505,329)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.67)</b>	<b>(0.41)</b>	<b>(0.44)</b>	<b>(0.24)</b>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.



# NAZIR COTTON MILLS LTD.

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022

	Reserves					Total Equity
	Capital		Revaluation surplus on property, plant and equipment	General Reserve - General	Revenue Accumulated loss	
	Capital reserves	surplus on remeasurement of available for sale				
Share capital						
Balance as at 30 June 2021	230,000,000	434,000	(479,125)	269,656,698	45,829,500	146,416,655
<i>Total comprehensive loss for the six months period ended 31 December 2021</i>						
Total comprehensive loss	-	-	-	-	-	(9,492,902)
Incremental depreciation on revaluation of assets for the year (net of tax)	-	-	-	(3,147,573)	-	3,147,573
Balance as at 31 December 2021	230,000,000	434,000	(479,125)	266,509,125	45,829,500	136,923,753
<i>Total comprehensive income for the six months period ended 30 June 2022</i>						
Total comprehensive income	-	-	-	-	-	7,504,040
Incremental depreciation on revaluation of assets for the year (net of tax)	-	-	-	(6,149,310)	-	6,149,310
Revaluation surplus on property, plant and equipment for the year (net of tax)	-	-	-	54,690,974	-	54,690,974
Balance as at 30 June 2022	230,000,000	434,000	(479,125)	315,050,789	45,829,500	199,118,767
<i>Total comprehensive income for the six months period ended 31 December 2022</i>						
Loss for the period	-	-	-	-	-	(15,371,015)
Incremental depreciation on revaluation of assets for the year (net of tax)	-	-	-	(4,183,597)	-	4,183,597
Balance as at 31 December 2022	230,000,000	434,000	(479,125)	310,867,192	45,829,500	183,747,752

-----Rupees-----

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

# NAZIR COTTON MILLS LTD.

## STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED DECEMBER 31, 2021

	SHARE CAPITAL	CAPITAL RESERVES	SURPLUS/(DEFICIT) ON REMEASUREMENT OF AVAILABLE FOR SALE INVESTMENT	REVENUE RESERVE - GENERAL	SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS	ACCUMULATED (LOSS)	TOTAL
-----Rupees-----							
<b>Balance as at July 01, 2019</b>	230,000,000	434,000	(3,928,825)	45,829,500	300,719,060	(428,967,382)	144,086,354
(Loss) for the year after taxation	-	-	-	-	-	(7,246,359)	(7,246,359)
Other comprehensive income	-	-	9,199,200	-	-	3,370,768	12,569,968
Incremental depreciation-net of deferred tax	-	-	-	-	(8,252,569)	8,252,569	-
Surplus realised during the year on disposal	-	-	-	-	(8,654,112)	8,654,112	-
<b>Balance as at June 30, 2020</b>	230,000,000	434,000	5,270,375	45,829,500	283,812,379	(415,936,292)	149,409,962
<b>Balance as at July 01, 2020</b>	230,000,000	434,000	5,270,375	45,829,500	283,812,379	(415,936,292)	149,409,962
(Loss) for the period after taxation	-	-	-	-	-	(5,007,668)	(5,007,668)
Other comprehensive income	-	-	(5,059,560)	-	-	1,428,476	(3,631,084)
Incremental depreciation-net of deferred tax	-	-	-	-	(3,497,303)	3,497,303	-
<b>Balance as at December 31, 2020</b>	230,000,000	434,000	210,815	45,829,500	280,315,075	(416,018,180)	140,771,210
<b>Balance as at July 01, 2020</b>	230,000,000	434,000	5,270,375	45,829,500	283,812,379	(415,936,292)	149,409,962
Profit for the year	-	-	-	-	-	2,756,193	2,756,193
Other comprehensive income	-	-	(5,749,500)	-	-	-	(5,749,500)
Incremental depreciation-net of deferred tax	-	-	-	-	(6,994,607)	6,994,607	-
Surplus realised during the year on disposal	-	-	-	-	(7,161,074)	7,161,074	-
<b>Balance as at June 30, 2021</b>	230,000,000	434,000	(479,125)	45,829,500	269,656,698	(399,024,418)	146,416,655
<b>Balance as at July 01, 2021</b>	230,000,000	434,000	(479,125)	45,829,500	269,656,698	(399,024,418)	146,416,655
(Loss) for the year	-	-	-	-	-	(9,492,902)	(9,492,902)
Other comprehensive income	-	-	-	-	-	-	-
Incremental depreciation-net of deferred tax	-	-	-	-	(3,147,573)	3,147,573	-
<b>Balance as at December 31, 2021</b>	230,000,000	434,000	(479,125)	45,829,500	266,509,125	(405,369,748)	136,923,753

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.

# NAZIR COTTON MILLS LTD.

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022

	----- Six months ended -----	
	31/Dec/2022 Rupees	31/Dec/2021 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(15,752,360)	(10,900,285)
Adjustments for non-cash charges / items:		
Depreciation of property, plant and equipment	6,885,478	5,690,304
Provision for doubtful debt	1,066,924	-
Provision for stores, spares and loose tools	1,534,873	-
Finance cost	406	-
	<u>9,487,681</u>	<u>5,690,304</u>
(Loss) / profit before working capital changes	(6,264,679)	(5,209,981)
Working capital changes		
(Increase) in current assets	(124,588)	133,563
Decrease / (increase) in trade and other payables	-	(345,997)
	<u>(124,588)</u>	<u>(212,434)</u>
Cash generated (used in) / from operations	(6,389,267)	(5,422,415)
Income tax paid	-	(70,591)
Finance cost paid	(406)	-
<b>Net cash (used in) / generated from operating activities</b>	<u>(6,389,673)</u>	<u>(5,493,006)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of biological assets	(1,186,900)	-
Proceeds from disposal of biological assets	1,884,000	630,000
<b>Net cash out flow from investing activities</b>	<u>697,100</u>	<u>630,000</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term finances	-	-
Proceeds of short term borrowings	-	-
<b>Net cash in flow from financing activities</b>	<u>-</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>	(5,692,573)	(4,863,006)
Cash and cash equivalents at beginning of period	20,758,133	29,107,636
Cash and cash equivalents at end of period	<u>15,065,560</u>	<u>24,244,630</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

# NAZIR COTTON MILLS LTD.

## SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2022

### 1 STATUS AND ACTIVITIES

1.1 Nazir Cotton Mills Limited (the "Company") was incorporated in Pakistan as a public limited company under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is quoted on Pakistan Stock Exchange.

The principle business of the Company is manufacturing and sale of yarn and the other related / allied operations. The members of the Company has authorised to enter into a new line of business of dairy farming.

Registered office of the Company is situated at 61K, Gulberg III, Lahore. The manufacturing facility of the Company is located at 8 KM, Faisalabad Road, Aslamabad, Kharianwala, Sheikhpura.

### 1.2 Going concern assumption

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

The Company incurred a net loss for the period ended of Rs. 15,371,015 (Dec 2021: Rs. 9,492,902) resulting in accumulated losses at the end of the period of Rs. 402,903,815 (June 2022: Rs. 391,716,397). The Company's current liabilities exceed its current assets at reporting date by Rs. 180,189,556 (June 2022: Rs. 172,019,774).

The Company had ceased its operations from many years due to working capital. However, subsequent to the reporting date, the management is taking steps to recommence operations and are in negotiations with financial institutions to obtain funds to manage working capital requirements. The Company managed its liquidity constraints thru financing from its sponsors and its ability to continue as a going concern is dependent on continued financing from sponsors. Management is of view that the company will restart its commercial production in foreseeable future. Management's efforts for obtaining finances from financial institutions are not so far materialized, however, management is confident that efforts will be realized and that the Company will be able to continue as a going concern.

### 2 STATEMENT OF COMPLIANCE

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IAS 34 and IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required by the Code of Corporate Governance, and should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2022.

### 3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statements, all the transactions have been accounted for on accrual basis.

### 4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method for computation adopted for the preparation of this condensed interim financial information is the same as those applied in preparation of the financial statements for the year ended June 30, 2022.

Un-Audited	Audited
31/Dec/2022	30/ Jun/2022
Rupees	Rupees

# NAZIR COTTON MILLS LTD.

5	<b>SHARE CAPITAL</b>		
	<b>Authorized capital</b>		
	Ordinary shares of Rs. 10 each	<u>250,000,000</u>	<u>250,000,000</u>
	<b>Issued, subscribed and paid-up share capital</b>		
	20,312,530 (June 30, 2022: 20,312,530) ordinary shares of Rs 10/- each fully paid in cash	203,125,300	203,125,300
	2,317,470 (June 30, 2022: 2,317,470) ordinary shares of Rs 10/- each fully paid as bonus shares	23,174,700	23,174,700
	370,000 (June 30, 2022: 370,000) ordinary shares of Rs 10/- each fully paid fully paid in consideration of Property and assets of Sargodha Textile Mills Limited as per bifurcation scheme approved by the Honorable High Court in 1974.	<u>3,700,000</u>	<u>3,700,000</u>
		<u>230,000,000</u>	<u>230,000,000</u>
6	<b>SHORT TERM FINANCES</b>		
	<b>-From financial institutions</b>		
	-Islamic Investment Bank Limited	- note 6.1	71,464,211
	-Habib Bank Limited	- note 6.2	13,258,000
	<b>-From others</b>		
	Sponsor's loan	- note 6.3	122,174,774
		<u>135,432,774</u>	<u>135,432,774</u>
6.1	<p>The loan was repayable in sixteen quarterly installments w.e.f. April 1, 1999. It carries mark-up @ 20% per annum. Accrued mark-up has been frozen and kept in a separate account. The new mark-up on diminishing principal is also being kept in same account and repayment of this mark-up would start subject to the entire repayment of the principal amount. This loan and mark-up account are secured by Personal guarantees of directors except nominee director and mortgage of fixed assets to the tune of Rs.20 million. The liquidator of Islamic Investment Bank has been appointed. The management is of the opinion that as the bank is a shareholder in the profit/(losses) and that the matter is pending in the Peshawar court of law of the Company, therefore, no markup is payable. The company has filed a suit against the bank to recover the share of losses amounting to Rs. 110.0 million.</p>		
6.2	<p>The loan is secured against first E/M charge for PKR 69.325 million on land measuring 35 Kanals 12 Marlas, together with factory building, plant &amp; machinery located at 11 K.M. Sheikhpura, Faisalabad Road Kharianwala, Distt. Sheikhpura and hypothecation charge of PKR 243.860 million on current assets of the Company. This loan was earlier settled by the State Bank of Pakistan in December 29, 2004 which had resulted in reduction of the liability by Rs. 3.580 million with no further markup to be provided subject to provisions that if the Company failed to repay any of the installment than the agreement would stand cancelled and the bank would be entitled to recover the original outstanding amount without any reduction. The Company failed to repay the installments and the Bank filed a suite for recovery of its original liability for Rs. 39,741,015 on October 22, 1999 which was consent decreed for PKR 40,080,000 on January 26, 2001. The management believes that Bank is only entitled to recover its original outstanding liability without any further markup, hence no markup has been provided.</p>		
6.3	<p>This represents unsecured and interest free loan obtained from sponsors of the Company to meet the Company's past B.M.R. plans and liquidity problems, this loan is repayable on demand. The maximum aggregate amount due at the end of any month during the year was Rs. 122.17 million (2021: Rs. 122.17 million).</p>		

# NAZIR COTTON MILLS LTD.

## 7 CONTINGENCIES AND COMMITMENTS

### *Contingencies and Commitments*

Execution petition No. 231-E/2007 titled Habib Bank Limited vs. Nazir Cotton Mills Limited for recovery of Decretal amount of Rs. 39,741,015 filed by Habib Bank Limited against Nazir Cotton Mills Limited and others on January 12, 2007 before the Banking Court No. II, Lahore. The appeal is filed by Nazir Cotton Mills Limited before the Lahore High Court Lahore against the order dated March 16, 2015 passed by Banking Court No. II, Lahore in Execution No. 231-E/2007. The management is hopeful that there is substantial likelihood of the judgement in their favour.

WAPDA had filed a suit against the company for recovering of arrears amounting to Rs. 12.4 million before the Lahore High Court Lahore. The Lahore High Court had decided the case in favor of WAPDA. The company had deposited Rs. 12.4 million with WAPDA for electricity case as per orders of the Lahore High Court and has filed an appeal for recovery of the said amount from WAPDA in the Supreme Court. The management is hopeful of a decision in their favour.

Islamic Investment Bank (in liquidation) and case has been shifted from Lahore High Court to Peshawar High Court because, the liquidation process will be completed in Peshawar. This loan and mark-up account are secured by Personal guarantees of directors except nominee director and mortgage of fixed assets to the tune of Rs.20.0 million. The liquidator of Islamic Investment Bank has been appointed. The management is of the opinion that as the bank is a shareholder in the profit/(losses), therefore, the company has filed a suit against the bank to recover the share of losses amounting to Rs. 110.0 million and that the matter is pending in the Peshawar High Court, hence, no markup is payable. Now case is transferred to Lahore High Court.

Pakistan Stock Exchange had placed the Company in defaulter's segment due to non compliances with the regulations of Pakistan Stock Exchange.

Other than above, there is no known contingent liability and commitments as on period end.

## 8 PROPERTY PLANT AND EQUIPMENT

	Un-Audited 31/Dec/2022 Rupees	Audited 30/ Jun/2022 Rupees
Opening net book value	375,748,312	324,103,144
Revaluation surplus during the year	-	66,951,587
Additions	-	-
Disposal	-	-
Depreciation charged	(6,885,478)	(15,306,419)
	<u>368,862,834</u>	<u>375,748,312</u>

## 9 AUTHORIZATION FOR ISSUE

These financial statements have been approved by the board of directors of the Company and authorized for issue on 28 February 2023

## 10 CORRESPONDING FIGURES

10.1 Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison.

10.2 Figures have been rounded off to the nearest of rupees.

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